



Control Number: 45118



Item Number: 2

Addendum StartPage: 0

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PUBLIC UTILITY COMMISSION  
CLERK

## OPEN MEETING COVER SHEET

**MEETING DATE:** 08/17/2017

**DATE DELIVERED:** 08/10/2017

**AGENDA ITEM NO.:** 40

**CAPTION:** Project No. 45118 – Project to Amend the Sale, Transfer, Merger Form for Water or sewer Utilities

**ACTION REQUESTED:** Discussion and possible action with respect to proposal for publication.

**Distribution List:**

Commissioners' Office (9)  
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Gonzales, Adriana (if rulemaking)

# *Public Utility Commission of Texas*

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## **Memorandum**

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PUBLIC UTILITY COMMISSION  
FILING CLERK

TO: Commissioner Kenneth W. Anderson, Jr.  
Commissioner Brandy Marty Marquez

FROM: Tammy Benter, Director, Water Utility Regulation Division  
Elisabeth English, Water Utility Regulation Division  
Kennedy R. Meier, Legal Division

DATE: August 10, 2017

RE: **Project No. 45118**– *Project to Amend the Sale, Transfer, Merger Form for Water or Sewer Utilities*  
Staff's Draft Proposal for Publication

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Attached for your review is Staff's proposal for publication for the Commission's consideration at the August 17, 2017 open meeting. The proposed revisions to the form will update the form in response to changes made to 16 Texas Administrative Code (TAC) § 24.109 adopted by the Commission in Project No. 45111 and would update and streamline the form generally.

Please contact Elisabeth English at (512) 936-7217, Kennedy Meier at (512) 936-7265, or Tammy Benter at (512) 936-7165 with any questions.

**PROJECT NO. 45118  
PUBLIC UTILITY COMMISSION OF TEXAS**

**REQUEST FOR COMMENTS ON SALE/TRANSFER/MERGER FORM FOR WATER  
AND SEWER UTILITIES**

1 The Public Utility Commission of Texas (commission) requests comments on its proposed  
2 revisions to the sale/transfer/merger application form for water and sewer utilities. The proposed  
3 revisions to the form will update the form in response to changes made to 16 Texas Administrative  
4 Code (TAC) § 24.109 adopted by the Commission in Project No. 45111 and would update and  
5 streamline the form generally. The proposed form can be found on the commission's website home  
6 page under "Filings," by clicking on "Filings Search" and entering "45118" in the box labeled  
7 "Control Number". The form would be used by a water or sewer utility applying for a sale,  
8 transfer, or merger under 16 TAC §24.109. Project Number 45118 is assigned to this proceeding.

9  
10 Comments on the proposed form may be submitted to the Filing Clerk, Public Utility Commission  
11 of Texas, 1701 North Congress Avenue, P.O. Box 13326, Austin, Texas 78711-3326. Initial  
12 comments must be filed no later than October 2, 2017, and reply comments must be filed no later  
13 than October 16, 2017. Sixteen copies of comments to the proposed form are required to be filed.  
14 Comments should be organized in a manner consistent with the organization of the form. The  
15 commission invites specific comments regarding the costs associated with, and benefits that will  
16 be gained by, adoption of the proposed form. The commission will consider the costs and benefits  
17 in considering the adoption of the proposed form. All comments should refer to Project  
18 Number 45118.

- 1 Questions concerning the project should be directed to Kennedy Meier, Legal Division,
- 2 at (512) 936-7265. Hearing and speech-impaired individuals with text telephones (TTY) may
- 3 contact the commission at (512) 936-7136.

**ISSUED IN AUSTIN, TEXAS ON THE \_\_\_\_\_ DAY OF \_\_\_\_\_ 2017 BY THE  
PUBLIC UTILITY COMMISSION OF TEXAS  
ADRIANA A. GONZALES**



# Application for Sale, Transfer, or Merger of a Retail Public Utility

*Pursuant to Texas Water Code § 13.301 and 16 Texas Administrative Code § 24.109*

Please Send:

**7 collated copies of the application** (including the original)  
**7 copies of the portable electronic storage medium** containing the digital mapping data

Public Utility Commission of Texas  
Attention: Filing Clerk  
1701 N. Congress Avenue  
P.O. Box 13326  
Austin, Texas 78711-3326

**Docket No:** \_\_\_\_\_  
(assigned following initial filing)

## **Please complete application in its entirety (where applicable)**

*If multiple CCN's are to be amended via the application, include an attachment describing the request in detail*

**Transferor:** \_\_\_\_\_

(current CCN)

**CCN No.(s):** \_\_\_\_\_

☐ Sale    ☐ Transfer    ☐ Merger    ☐ Consolidation    ☐ Lease/Rental

**Transferee:** \_\_\_\_\_

(acquiring entity)

**CCN No.(s):** \_\_\_\_\_

☐ Water    ☐ Sewer    ☐ All CCN    ☐ Portion CCN    ☐ Facilities transfer

**County(ies):** \_\_\_\_\_

## **Please mark the item(s) included in this filing**

**\* required for sufficiency for all applications**

- |   |   |
|---|---|
| <input type="checkbox"/> Completed application *                                | <input type="checkbox"/> Contract or agreement supporting proposed transaction* |
| <input type="checkbox"/> Detailed (large scale) map*                            | <input type="checkbox"/> Signed & Notarized Affidavit from Transferor *         |
| <input type="checkbox"/> General location (small scale) map*                    | <input type="checkbox"/> Signed & Notarized Affidavit from Transferee*          |
| <input type="checkbox"/> Digital mapping data *                                 | <input type="checkbox"/> Tariff/Rate Schedule for CCN area to be transferred    |
| <input type="checkbox"/> Partnership agreement ( <i>Transferee</i> )            | <input type="checkbox"/> Franchise agreement or consent letter                  |
| <input type="checkbox"/> Financial Audit (Attachment A/B) ( <i>Transferee</i> ) | <input type="checkbox"/> TCEQ Compliance Investigation letter*                  |
| <input type="checkbox"/> PUC most current annual report ( <i>Transferee</i> )   | <input type="checkbox"/> Depreciation schedule (transferred assets)             |
| <input type="checkbox"/> Business plan ( <i>Transferee</i> )                    | <input type="checkbox"/> TCEQ engineering approval(s)                           |
| <input type="checkbox"/> Certificate of Account Status ( <i>Transferee</i> )    | <input type="checkbox"/> Copy of purchase water supply or treatment agreement   |
| <input type="checkbox"/> Other (specify below)                                  |   |

## Sale, Transfer, or Merger (STM) Application Instructions

Pursuant to Texas Water Code (TWC) § 13.301 and 16 Texas Administrative Code (TAC) § 24.109, this application must be filed with the Public Utility Commission of Texas (Commission) at least 120 days prior to the effective date of any sale, transfer, merger, lease, rental or consolidation of any water or sewer utility or system required by law to possess a certificate of convenience and necessity (CCN). Additionally, notice must be provided to each customer being transferred and each utility within 2 miles of the proposed transaction following the date the Commission accepts the application for filing, unless the Commission waives notice for a good cause exception.

The Applicant must answer each question on the attached form completely and include all required attachments, maps and exhibits. Do not leave any questions blank. The Applicant may attach additional sheets, if needed. Clearly label each attachment with the Applicants' names and include a title such as "Attachment 1, Question 16". If the question in the application does not apply, please mark "N/A" and explain why the question is not applicable. Guidance on mapping documentation can be found on the Commission website.

### STM Application Processing

- A. Commission Staff will investigate the proposed transaction to determine if it will serve the public interest.
- B. If the application is incomplete, an order will be issued regarding the deficiencies. The order will establish a schedule with deadlines by which additional information shall be submitted to cure the deficiencies. If the Applicant fails to make the necessary corrections to cure the deficiencies, the application may be dismissed for failure to prosecute.
- C. If the application is complete, an order will be issued directing the Applicant to provide proper notice to the affected customer(s) and party(es).
- D. Unless a public hearing is held, the transaction may be completed as proposed at the end of the 120 day period following proper notice as ordered by the Commission. If a hearing is requested or proper notice is not provided, the transaction may not be completed without a determination by the Commission that the transaction serves the public interest.

If a hearing on the merits of the application is requested, the application may be referred to the State Office of Administrative Hearings (SOAH). During the prehearing conference, the presiding Administrative Law Judge (ALJ) may give the parties time to negotiate a settlement. If an evidentiary proceeding ensues, the ALJ will take testimony from each party and present a report to the Commission for consideration in making a final decision on the application.

- E. Within 30 days after the Commission order that allows the transaction to proceed as proposed, the acquiring entity shall provide a written update on the status of the transaction and every 30 days thereafter, until such a time that the transaction is completed. The acquiring entity shall inform the Commission of any changes in financial, managerial and technical capability for providing continuous and adequate service to the requested area during the time before the transaction has been approved.
- F. Within 30 days of the actual effective date of the transaction, the parties to the transaction shall file with the Commission, under oath, a list showing the following:
  - i. a signed contract, bill of sale, or other appropriate documents as evidence that the transaction has been finalized;
  - ii. documentation of the transfer of customer deposits or other disposition and a sworn affidavit explaining the disposition of customer deposits.

The Commission cannot issue or transfer the CCN without these documents.

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Attach additional pages as necessary when completing the application. Reference the attachments in the application form, where applicable.

## Part A: General Information

1. Please describe the proposed transaction, including whether the applicable water or sewer CCN's will be amended or decertified, and provide a general description of the area affected by the transaction. Attach all supporting documentation, such as contracts or proposed sale agreements:

2. The proposed transaction will require (check all applicable requests):

- ☐ Obtaining a NEW CCN for the Transferee ☐ Transferring CCN to the Transferee
- ☐ Amendment of the Transferee's CCN area
- ☐ Cancellation of the Transferor's CCN area
- ☐ Amendment of the Transferor's CCN area

## Part B: Transferor Information

**Questions 3 through 5 apply only to the *transferor* (current service provider or seller)**

3. For the current CCN holder or service provider please indicate:

A. Name: \_\_\_\_\_  
(individual, corporation, or other legal entity)

☐ Individual ☐ Corporation ☐ WSC ☐ Other: \_\_\_\_\_

B. Utility Name (if different than above): \_\_\_\_\_

Mailing Address: \_\_\_\_\_

Phone: \_\_\_\_\_ Email: \_\_\_\_\_

- C. Contact Person. Please provide information about the person to be contacted regarding this application. Indicate if this person is the owner, operator, engineer, attorney, accountant, or other title.

Name: \_\_\_\_\_ Title: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

Phone: \_\_\_\_\_ Email: \_\_\_\_\_



4. If the utility to be transferred is an Investor Owned Utility, for the most recent rate change, please attach a copy of the current tariff and indicate:

A. Effective date for most recent rates: \_\_\_\_\_

- B. Was notice of this increase provided to the Public Utility Commission of Texas (Commission) or a predecessor regulatory authority?

☐ No ☐ Yes

Application or Docket Number: \_\_\_\_\_

**If the transferee is a Water Supply or Sewer Service Corporation, provide a copy of the current tariff.**

5. For the customers that will be transferred following the approval of the transaction, please indicate:

☐ There are no customers that will be transferred

☐ # of customers without deposits held by the transferor

Water: \_\_\_\_\_

Sewer: \_\_\_\_\_

☐ # of customers with deposits held by the transferor\*

Water: \_\_\_\_\_

Sewer: \_\_\_\_\_

\*Please attach a list of all customers affected by the proposed transaction who have deposits held, and include the customer name(s), date of each deposit, amount of each deposit, and any unpaid interest on each deposit.

### Part C: Transferee Information

**Questions 6 through 9 apply only to the *transferee* (purchaser or proposed service provider)**

6. For the transferee (person or entity acquiring the CCN and/or facilities) please indicate:

A. Name: \_\_\_\_\_  
(individual, corporation, or other legal entity)

☐ Individual ☐ Corporation ☐ WSC ☐ Other:

B. Utility Name (if different than above): \_\_\_\_\_

Address: \_\_\_\_\_

Phone: \_\_\_\_\_ Email: \_\_\_\_\_

- C. Contact Person. Please provide information about the person to be contacted regarding this application. Indicate if this person is the owner, operator, engineer, attorney, accountant, or other title.

Name: \_\_\_\_\_ Title: \_\_\_\_\_

Address: \_\_\_\_\_

Phone: \_\_\_\_\_ Email: \_\_\_\_\_

- D. Is the transferee current on the Regulatory Assessment Fees (RAF) with the Texas Commission on Environmental Quality?

☐ No ☐ Yes ☐ N/A

E. Is the transferee current on the Annual Report filings with the Commission?

☐ No ☐ Yes

7. The legal status of the transferee is:

☐ Individual or sole proprietorship

☐ Partnership or limited partnership (*attach* Partnership agreement)

☐ Corporation

Charter number (as recorded with the Texas SOS): \_\_\_\_\_

☐ Non-profit, member-owned, member controlled Cooperative Corporation [Article 1434(a) Water Supply or Sewer Service Corporation, incorporated under TWC Chapter 67]

Charter number (as recorded with the Texas SOS): \_\_\_\_\_

☐ Articles of Incorporation and By-Laws established (*attach*)

☐ Municipally-owned utility

☐ District (MUD, SUD, WCID, FWSD, etc.)

☐ County

☐ Affected County (a county to which Subchapter B, Chapter 232, Local Government Code, applies)

☐ Other (please explain): \_\_\_\_\_

8. If the transferee operates under any d/b/a, provide the name(s) below:

Name(s): \_\_\_\_\_

9. If the transferee's status is anything other than an individual, provide the following information regarding the officers, members, or partners of the legal entity applying for the transfer (*attach* additional sheets if necessary).

Name: \_\_\_\_\_

Position: \_\_\_\_\_ Ownership % (if applicable): \_\_\_\_\_

Address: \_\_\_\_\_

Phone: \_\_\_\_\_ Email: \_\_\_\_\_

Name: \_\_\_\_\_

Position: \_\_\_\_\_ Ownership % (if applicable): \_\_\_\_\_

Address: \_\_\_\_\_

Phone: \_\_\_\_\_ Email: \_\_\_\_\_

Name: \_\_\_\_\_

Position: \_\_\_\_\_ Ownership % (if applicable): \_\_\_\_\_

Address: \_\_\_\_\_

Phone: \_\_\_\_\_ Email: \_\_\_\_\_

Name: \_\_\_\_\_

Position: \_\_\_\_\_ Ownership % (if applicable): \_\_\_\_\_

Address: \_\_\_\_\_

Phone: \_\_\_\_\_ Email: \_\_\_\_\_

Part D: Proposed Transaction Details

11. If the transferee Applicant is an investor owned utility (IOU) and will be under the rate jurisdiction of the Commission, please provide the following information regarding the assets to be transferred:

A. Proposed Purchase Price: \$ \_\_\_\_\_

B. Transferee has a copy of an up-to-date depreciation schedule for assets to be transferred (*attach*)

(Water supply or sewer service corporations and political subdivisions of the state can mark this section N/A)

☐ No ☐ Yes ☐ N/A

Total Original Cost of Plant in Service: \$ \_\_\_\_\_

Accumulated Depreciation: \$ \_\_\_\_\_

Customer Contributions in Aid of Construction (CIAC): \$ \_\_\_\_\_ (total of C + D)

Accumulated Amortization (CIAC) \$ \_\_\_\_\_

Net Book Value: \$ \_\_\_\_\_

- C. Are the customers to be transferred, currently or previously, being billed for any specific surcharges approved by the Commission or TCEQ, or from explicit customer agreements (e.g. contracts for deed indicating payment for taps or other facilities, etc.)? Please complete the responses below. Also, if by customer agreement, please provide a copy of that agreement.

☐ No ☐ Yes

Accumulated revenues from surcharge: \$ \_\_\_\_\_

Accumulated revenues from customer agreements: \$ \_\_\_\_\_

- D. Did the transferor receive any developer contributions for the assets to be transferred?

☐ No ☐ Yes

Total developer CIAC: \$ \_\_\_\_\_ (please explain in box below)  
Accumulated Amortization: \$ \_\_\_\_\_ (Date of contribution \_\_\_\_\_)

12. A. Are any improvements or construction required to meet the minimum requirements of the TCEQ or Commission and to ensure continuous and adequate service to the requested area (plus any area already served by the transferee Applicant)?

☐ No ☐ Yes

**B.** If yes, describe the source and availability of funds and an estimated timeline for construction for any planned or required improvements:

**13.** Provide any other information concerning the nature of the transaction you believe should be given consideration:

**14.** Complete the following proposed entries (listed below) as shown in the books of the Transferee (purchaser). Debits (positive numbers) should equal credits (negative numbers) so that all line items added together equal zero. Additional entries may be made; the following are suggested only, and not intended to pose descriptive limitations:

Utility Plant in Service: \$ \_\_\_\_\_  
Plant Acquisition Adjustment: \$ \_\_\_\_\_  
Accumulated Depreciation of Plant: \$ \_\_\_\_\_  
Cash: \$ \_\_\_\_\_  
Notes Payable: \$ \_\_\_\_\_  
Mortgage Payable: \$ \_\_\_\_\_  
Customer Contributions in Aid of Construction: \$ \_\_\_\_\_  
Acquisition Adjustment: \$ \_\_\_\_\_  
Other (NARUC account name & No.): \_\_\_\_\_  
Other (NARUC account name & No.): \_\_\_\_\_

**15. A.** What effect will the proposed transaction have on the rates to be charged to the affected customers?

- ☐ All of the customers will be charged the same rates they were charged before the transaction.
- ☐ All of the customers will be charged different rates than they were charged before the transaction.
- ☐ higher rates ☐ lower rates
- ☐ Some customers will be charged different rates than they were charged before (i.e., inside city limit customers)
- ☐ higher rates ☐ lower rates

**B.** Please explain any rate change, indicated above, in the box below:

**C.** If Transferee is an IOU and intends to file with the Commission, or an applicable municipal regulatory authority, an application to change rates for some/all of its customers as a result of the transaction, elaborate below:

- 16.** As the Transferee (purchaser), I understand that it is my responsibility in any future rate proceeding to provide written evidence and support for the original cost and installation date of all facilities used and useful for providing utility service

Transferee Initials: \_\_\_\_\_

Date: \_\_\_\_\_

- 17.** For purchasing entities that do not meet the below exception, please complete Appendix A: Historical Financial Information and Appendix B: Projected Information, or provide alternative documentation that includes all of the information required in Appendix A and B in a concise format. Appendix B is always required if the application proposes new service connections and new investment in plant, unless the purchaser has a detailed budget or capital improvement plan. The detail must indicate sources and uses of funds required, including improvements to the system being transferred.

**ALTERNATIVE TO COMPLETING APPENDIX A AND/OR B:**

*If the purchasing entity has a website with access to the following referenced reports, the link may be provided in lieu of submitting copies to the Commission. If the purchasing entity has audited financial statements issued within 18 months of the application filing date that clearly show that the leverage financial test (16 Tex. Admin. Code § 24.11(e)(2)) is met for the facilities being purchased and the required capital investment, the audited financial statements (including the independent auditor's report and the management letter) may be submitted in lieu of Appendix A. If a recent budget and/or capital improvements plan is available that clearly shows that the operations test (16 Tex. Admin. Code § 24.11(e)(3)) is met for the system(s) being transferred, these documents may be submitted in lieu of Appendix B.*

**DO NOT INCLUDE ATTACHMENTS A OR B IN FILED APPLICATION IF LEFT BLANK**

Part E: CCN Obtain or Amend Criteria Considerations

18. Describe, in detail, the anticipated impact and/or changes in the quality of utility service as a result of the proposed transaction:

19. Describe the Transferee's experience and qualifications in providing continuous and adequate service:

20. Has the transferee been under an enforcement action by the Commission, TCEQ, Texas Department of Health (TDH), the Office of the Attorney General (OAG), or the Environmental Protection Agency (EPA) in the past five (5) years for non-compliance with rules, orders, or state statutes?

☐ No ☐ Yes:

Attach copies of any correspondence with the applicable regulatory agency(ies) concerning these enforcement actions, and describe (below) any actions or efforts the transferee has taken to comply with those requirements.

21. Will the environmental integrity or the land be impacted or disrupted as a result of the proposed transaction?  
Provide details below:

22. How will the proposed transaction serve the public interest?

23. List all neighboring water and/or sewer utilities, cities, districts, counties, or other political subdivisions providing the same service within two (2) miles from the outer boundary of the requested area affected by the proposed transaction:

#### Part F: TCEQ Public Water System or Sewer (Wastewater) Information

Complete Part F for EACH Public Water or Sewer system to be transferred subject to approval of the transaction. Attach a separate sheet with this information if you need more space for additional systems being transferred.

24. A. For Public Water System(s) (PWS):

TCEQ PWS Identification Number: \_\_\_\_\_ (7 digit ID)

Name of PWS: \_\_\_\_\_

Date of last TCEQ compliance inspection: \_\_\_\_\_ (attach TCEQ letter)

Subdivisions served: \_\_\_\_\_

- B. For Sewer service:

TCEQ Discharge Permit Number: WQ - \_\_\_\_\_ (8 digit ID)

Name of Wastewater Facility: \_\_\_\_\_

Name of Permittee: \_\_\_\_\_

Date of last TCEQ compliance inspection: \_\_\_\_\_ (attach TCEQ letter)

Subdivisions served: \_\_\_\_\_

Date of application to transfer permit submitted to TCEQ: \_\_\_\_\_

Date of application to transfer permit approved by TCEQ: \_\_\_\_\_ (attach TCEQ letter)

25. List the number of existing connections, by meter/connection type, to be affected by the proposed transaction:

| Water                    |              |  |       | Sewer                    |             |
|--------------------------|--------------|--|-------|--------------------------|-------------|
|                          | Non-metered  |  | 2"    |                          | Residential |
|                          | 5/8" or 3/4" |  | 3"    |                          | Commercial  |
|                          | 1"           |  | 4"    |                          | Industrial  |
|                          | 1 1/2"       |  | Other |                          | Other       |
| Total Water Connections: |              |  |       | Total Sewer Connections: |             |

26. A. Are any improvements required to meet TCEQ or Commission standards?

☐ No ☐ Yes

- B.** Provide details on each required major capital improvement necessary to correct deficiencies to meet the TCEQ or Commission standards (attach any engineering reports or TCEQ approval letters):

| Description of the Capital Improvement: | Completion Date: | Estimated Cost: |
|---|------------------|-----------------|
|   |                  |                 |
|   |                  |                 |
|   |                  |                 |

- C.** Is there a moratorium on new connections?

☐ No ☐ Yes:

- 27.** Does the system(s) being transferred operate within the corporate boundaries of municipality?

☐ No ☐ Yes: \_\_\_\_\_ (*name of municipality*)

If yes, indicate the number of customers within the municipal boundary.

Water: \_\_\_\_\_ Sewer: \_\_\_\_\_

- 28. A.** Does the system(s) being transferred purchase water or sewer treatment capacity from another source?

☐ No ☐ Yes: If yes, attach a copy of purchase agreement/contract.

Capacity is purchased from:

Water: \_\_\_\_\_

Sewer: \_\_\_\_\_

- B.** Is the PWS(s) required to purchase water to meet capacity requirements or drinking water standards?

☐ No ☐ Yes:

- C.** What is the amount of supply or treatment purchased, per the agreement or contract?

|        | Amount in Gallons | Percent of demand |
|--------|-------------------|-------------------|
| Water: |                   |                   |
| Sewer: |                   |                   |

- D.** Will the purchase agreement or contract be transferred to the Transferee?

☐ No ☐ Yes: Explain in the box below:



29. Describe the PWS or sewer treatment plant, including the capacities used to meet the demands in the area:

30. List the name, class, and TCEQ license number of the operator(s) that will be responsible for the water or sewer service:

| Name (as it appears on license) | Class | License No. | Water/Sewer |
|---------------------------------|-------|-------------|-------------|
|                                 |       |             |             |
|                                 |       |             |             |
|                                 |       |             |             |

#### Part G: Mapping, Affidavits and Proposed Notices

**ALL applications require mapping information to be filed in conjunction with the STM application.**

***Read question 31 A and B to determine what information is required for your application.***

31. A. For applications requesting to transfer an entire CCN area, without an amendment to any CCN, file the following mapping information with each of the seven (7) copies of the application:
- A general location (small scale) map identifying the requested area with enough detail to locate the requested area in reference to the nearest county boundary, city, or town. The following guidance should be adhered to:
    - If the application requests to transfer CCN area for both water and sewer, separate maps need to be provided for each.
    - A hand drawn map, graphic, or diagram of the requested area is not considered an acceptable mapping document.
    - To maintain the integrity of the scale and quality of the map, copies must be exact duplicates of the original map. Therefore, copies of maps cannot be reduced or enlarged from the original map, or in black and white if the original map is in color.
  - A detailed (large scale) map identifying the requested area with enough detail to accurately locate the requested area in reference to verifiable man-made and/or natural landmarks such as roads, rivers, or railroads. The following guidance should be adhered to:
    - The map should be clearly labeled and the outer boundary of the requested area should be marked in reference to the verifiable man-made and/or natural landmarks. These verifiable man-made and/or natural landmarks must be labeled and marked on the map as well.
    - If the application requests both water and sewer CCN area, separate maps need to be provided for each.

*continued on the following page*

- iii. To maintain the integrity of the scale and quality of the map, copies must be exact duplicates of the original map. Therefore, copies of maps cannot be reduced or enlarged from the original map, or in black and white if the original map is in color.
- iv. The outer boundary of the requested area should not be covered by any labels, roads, city limits or extraterritorial jurisdiction (ETJ) boundaries. Property data, surrounding utilities, districts, city limits, or ETJ boundaries should not be included on this map.

**B.** For applications that request area that is not currently within a CCN, or for applications that require a CCN amendment, such as the transfer of only a portion of a CCN area, please file the following mapping information with each of the seven (7) copies of the application:

1. A general location (small scale) map identifying the requested area with enough detail to locate the requested area in reference to the nearest county boundary, city, or town. Please refer to the mapping guidance in part A 1 (above).
2. A detailed (large scale) map identifying the requested area with enough detail to accurately locate the requested area in reference to verifiable man-made and/or natural landmarks such as roads, rivers, or railroads. Please refer to the mapping guidance in part A 2 (above).
3. One of the following identifying the requested area:
  - i. A metes and bounds survey sealed or embossed by either a licensed state land surveyor or a registered professional land surveyor. Please refer to the mapping guidance in part A 2 (above);
  - ii. A recorded plat. If plat does not provide detail needed, staff may request additional mapping information. Please refer to the mapping guidance in part A 2 (above); or
  - iii. Digital mapping data in a shapefile (SHP) format georeferenced in either NAD 83 Texas State Plane Coordinate System (US Feet) or in NAD 83 Texas Statewide Mapping System (Meters). The digital mapping data shall include a single, continuous polygon record. The following guidance should be adhered to:
    - a. The digital mapping data must correspond to the same requested area as shown on the general location and detailed maps. The requested area must be clearly labeled as either the water or sewer requested area.
    - b. A shapefile should include six files (.dbf, .shp, .shx, .sbx, .sbn, and the projection (.prj) file).
    - c. The digital mapping data shall be filed on a data disk (CD or USB drives), clearly labeled, and filed with Central Records. Seven (7) copies of the digital mapping data is also required.

**32.** Complete the following using verifiable man-made and/or natural landmarks such as roads, rivers, or railroads to describe the requested area (to be stated in the notice documents):

The total acreage of the requested area is approximately: \_\_\_\_\_

The closest city or town: \_\_\_\_\_

Mileage to closest city or town: \_\_\_\_\_

Direction to closest city or town: \_\_\_\_\_

The requested area is generally bounded on the North by: \_\_\_\_\_

on the East by: \_\_\_\_\_

on the South by: \_\_\_\_\_

on the West by: \_\_\_\_\_

## Oath for Transferor (Transferring Entity)

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

I, \_\_\_\_\_ being duly sworn, file this application for sale, transfer, merger, consolidation, acquisition, lease, or rental, as

(owner, member of partnership, title as officer of corporation, or authorized representative)

I attest that, in such capacity, I am qualified and authorized to file and verify such application, am personally familiar with the documents filed with this application, and have complied with all the requirements contained in the application; and, that all such statements made and matters set forth therein with respect to Applicant are true and correct. Statements about other parties are made on information and belief. I further state that the application is made in good faith and that this application does not duplicate any filing presently before the Commission.

I further state that I have provided to the purchaser or transferee a written disclosure statement about any contributed property as required under Texas Water Code § 13.301(j) and copies of any outstanding Orders of the Texas Commission on Environmental Quality, the Public Utility Commission of Texas, or Attorney General and have also complied with the notice requirements in Texas Water Code § 13.301(k).

\_\_\_\_\_  
**AFFIANT**

(Utility's Authorized Representative)

If the Affiant to this form is any person other than the sole owner, partner, officer of the Applicant, or its attorney, a properly verified Power of Attorney must be enclosed.

**SUBSCRIBED AND SWORN BEFORE ME**, a Notary Public in and for the State of Texas

this day the \_\_\_\_\_ of \_\_\_\_\_, 20 \_\_\_\_\_

SEAL

\_\_\_\_\_  
**NOTARY PUBLIC IN AND FOR THE  
STATE OF TEXAS**

\_\_\_\_\_  
**PRINT OR TYPE NAME OF NOTARY**

**My commission expires:** \_\_\_\_\_

## Oath for Transferee (Acquiring Entity)

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

I, \_\_\_\_\_ being duly sworn, file this application for sale, transfer, merger, consolidation, acquisition, lease, or rental, as \_\_\_\_\_  
(owner, member of partnership, title as officer of corporation, or authorized representative)

I attest that, in such capacity, I am qualified and authorized to file and verify such application, am personally familiar with the documents filed with this application, and have complied with all the requirements contained in the application; and, that all such statements made and matters set forth therein with respect to Applicant are true and correct. Statements about other parties are made on information and belief. I further state that the application is made in good faith and that this application does not duplicate any filing presently before the Commission.

I am also authorized to agree and do agree to be bound by and comply with any outstanding orders of the Texas Commission on Environmental Quality, the Public Utility Commission of Texas or the Attorney General which have been issued to the system or facilities being acquired and recognize that I will be subject to administrative penalties or other enforcement actions if I do not comply.

\_\_\_\_\_  
**AFFIANT**  
(Utility's Authorized Representative)

If the Affiant to this form is any person other than the sole owner, partner, officer of the Applicant, or its attorney, a properly verified Power of Attorney must be enclosed.

**SUBSCRIBED AND SWORN BEFORE ME**, a Notary Public in and for the State of Texas  
this day the \_\_\_\_\_ of \_\_\_\_\_, 20 \_\_\_\_\_

SEAL

\_\_\_\_\_  
**NOTARY PUBLIC IN AND FOR THE  
STATE OF TEXAS**

\_\_\_\_\_  
**PRINT OR TYPE NAME OF NOTARY**

**My commission expires:** \_\_\_\_\_

## Appendix A: Historical Financial Information (Balance Sheet and Income Schedule)

*(Audited financial statements may be substituted for this schedule – see Item 17 of the instructions)*

| HISTORICAL BALANCE SHEETS<br>(ENTER DATE OF YEAR END) | CURRENT(A)<br>( - - ) | A-1 YEAR<br>( - - ) | A-2 YEAR<br>( - - ) | A-3 YEAR<br>( - - ) | A-4 YEAR<br>( - - ) | A-5 YEAR<br>( - - ) |
|---|-----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>CURRENT ASSETS</b>                                 |                       |                     |                     |                     |                     |                     |
| Cash  |                       |                     |                     |                     |                     |                     |
| Accounts Receivable                                   |                       |                     |                     |                     |                     |                     |
| Inventories   |                       |                     |                     |                     |                     |                     |
| Income Tax Receivable                                 |                       |                     |                     |                     |                     |                     |
| Other   |                       |                     |                     |                     |                     |                     |
| <b>A. Total Current Assets</b>                        |                       |                     |                     |                     |                     |                     |
| <b>FIXED ASSETS</b>                                   |                       |                     |                     |                     |                     |                     |
| Land  |                       |                     |                     |                     |                     |                     |
| Collection/Distribution System                        |                       |                     |                     |                     |                     |                     |
| Buildings   |                       |                     |                     |                     |                     |                     |
| Equipment   |                       |                     |                     |                     |                     |                     |
| Other   |                       |                     |                     |                     |                     |                     |
| Less: Accum. Depreciation or Reserves                 |                       |                     |                     |                     |                     |                     |
| <b>B. Total Fixed Assets</b>                          |                       |                     |                     |                     |                     |                     |
| <b>C. TOTAL Assets (A + B)</b>                        |                       |                     |                     |                     |                     |                     |
| <b>CURRENT LIABILITIES</b>                            |                       |                     |                     |                     |                     |                     |
| Accounts Payable                                      |                       |                     |                     |                     |                     |                     |
| Notes Payable, Current                                |                       |                     |                     |                     |                     |                     |
| Accrued Expenses                                      |                       |                     |                     |                     |                     |                     |
| Other   |                       |                     |                     |                     |                     |                     |
| <b>D. Total Current Liabilities</b>                   |                       |                     |                     |                     |                     |                     |
| <b>LONG TERM LIABILITIES</b>                          |                       |                     |                     |                     |                     |                     |
| Notes Payable, Long-term                              |                       |                     |                     |                     |                     |                     |
| Other   |                       |                     |                     |                     |                     |                     |
| <b>E. Total Long Term Liabilities</b>                 |                       |                     |                     |                     |                     |                     |
| <b>F. TOTAL LIABILITIES (D + E)</b>                   |                       |                     |                     |                     |                     |                     |
| <b>OWNER'S EQUITY</b>                                 |                       |                     |                     |                     |                     |                     |
| Paid in Capital                                       |                       |                     |                     |                     |                     |                     |
| Retained Equity                                       |                       |                     |                     |                     |                     |                     |
| Other   |                       |                     |                     |                     |                     |                     |
| Current Period Profit or Loss                         |                       |                     |                     |                     |                     |                     |
| <b>G. TOTAL OWNER'S EQUITY</b>                        |                       |                     |                     |                     |                     |                     |
| <b>TOTAL LIABILITIES+EQUITY<br/>(F + G) = C</b>       |                       |                     |                     |                     |                     |                     |
| <b>WORKING CAPITAL (A – D)</b>                        |                       |                     |                     |                     |                     |                     |
| <b>CURRENT RATIO (A / D)</b>                          |                       |                     |                     |                     |                     |                     |
| <b>DEBT TO EQUITY RATIO (D / E)</b>                   |                       |                     |                     |                     |                     |                     |

**DO NOT INCLUDE ATTACHMENTS A OR B IN FILED APPLICATION IF LEFT BLANK**

| HISTORICAL NET INCOME INFORMATION          |                       |                     |                     |                     |                     |                     |
|--|-----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| (ENTER DATE OF YEAR END )                  | CURRENT(A)<br>( - - ) | A-1 YEAR<br>( - - ) | A-2 YEAR<br>( - - ) | A-3 YEAR<br>( - - ) | A-4 YEAR<br>( - - ) | A-5 YEAR<br>( - - ) |
| <b>METER NUMBER</b>                        |                       |                     |                     |                     |                     |                     |
| Existing Number of Taps                    |                       |                     |                     |                     |                     |                     |
| New Taps Per Year                          |                       |                     |                     |                     |                     |                     |
| <b>Total Meters at Year End</b>            |                       |                     |                     |                     |                     |                     |
| <b>METER REVENUE</b>                       |                       |                     |                     |                     |                     |                     |
| Revenue per Meter (use for projections)    |                       |                     |                     |                     |                     |                     |
| Expense per Meter (use for projections)    |                       |                     |                     |                     |                     |                     |
| <b>Operating Revenue Per Meter</b>         |                       |                     |                     |                     |                     |                     |
| <b>GROSS WATER REVENUE</b>                 |                       |                     |                     |                     |                     |                     |
| Revenues- Base Rate & Gallonage Fees       |                       |                     |                     |                     |                     |                     |
| Other (Tap, reconnect, transfer fees, etc) |                       |                     |                     |                     |                     |                     |
| <b>Gross Income</b>                        |                       |                     |                     |                     |                     |                     |
| <b>EXPENSES</b>                            |                       |                     |                     |                     |                     |                     |
| General & Administrative (see schedule)    |                       |                     |                     |                     |                     |                     |
| Operating (see schedule)                   |                       |                     |                     |                     |                     |                     |
| Interest                                   |                       |                     |                     |                     |                     |                     |
| Other (list)                               |                       |                     |                     |                     |                     |                     |
| <b>NET INCOME</b>                          |                       |                     |                     |                     |                     |                     |

| <b>HISTORICAL EXPENSE INFORMATION</b><br>(ENTER DATE OF YEAR END ) | <b>CURRENT(A)</b><br>( - - ) | <b>A-1 YEAR</b><br>( - - ) | <b>A-2 YEAR</b><br>( - - ) | <b>A-3 YEAR</b><br>( - - ) | <b>A-4 YEAR</b><br>( - - ) | <b>A-5 YEAR</b><br>( - - ) |
|--|------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| <b>GENERAL/ADMINISTRATIVE EXPENSES</b>                             |                              |                            |                            |                            |                            |                            |
| Salaries & Benefits–Office/Management                              |                              |                            |                            |                            |                            |                            |
| Office Expense<br>(services, rentals, supplies, electricity)       |                              |                            |                            |                            |                            |                            |
| Contract Labor   |                              |                            |                            |                            |                            |                            |
| Transportation Expense   |                              |                            |                            |                            |                            |                            |
| Insurance Expense  |                              |                            |                            |                            |                            |                            |
| Telephone Expense  |                              |                            |                            |                            |                            |                            |
| Utilities Expense  |                              |                            |                            |                            |                            |                            |
| Property Taxes   |                              |                            |                            |                            |                            |                            |
| Professional Services/Fees (recurring)                             |                              |                            |                            |                            |                            |                            |
| Regulatory Expense- other  |                              |                            |                            |                            |                            |                            |
| Other (describe):  |                              |                            |                            |                            |                            |                            |
| Interest Expense:  |                              |                            |                            |                            |                            |                            |
|  |                              |                            |                            |                            |                            |                            |
| Other  |                              |                            |                            |                            |                            |                            |
| <b>Total General Admin. Expenses (G&amp;A)</b>                     |                              |                            |                            |                            |                            |                            |
| <b>% Increase Per Year</b>   |                              |                            |                            |                            |                            |                            |
| <b>OPERATIONS &amp; MAINTENANCE EXPENSES (O&amp;M)</b>             |                              |                            |                            |                            |                            |                            |
| Salaries & Benefits (Employee, Management)                         |                              |                            |                            |                            |                            |                            |
| Materials & Supplies   |                              |                            |                            |                            |                            |                            |
| Utilities Expense-office   |                              |                            |                            |                            |                            |                            |
| Contract Labor   |                              |                            |                            |                            |                            |                            |
| Transportation Expense   |                              |                            |                            |                            |                            |                            |
| Depreciation Expense   |                              |                            |                            |                            |                            |                            |
| Other(describe)  |                              |                            |                            |                            |                            |                            |
| <b>Total Operational Expenses</b>                                  |                              |                            |                            |                            |                            |                            |
| <b>Total Expense (Total G&amp;A + O&amp;M)</b>                     |                              |                            |                            |                            |                            |                            |
| <b>Historical % Increase Per Year</b>                              |                              |                            |                            |                            |                            |                            |
| <b>ASSUMPTIONS</b>   |                              |                            |                            |                            |                            |                            |
| Interest Rate/Terms  |                              |                            |                            |                            |                            |                            |
| Depreciation Schedule (attach)                                     |                              |                            |                            |                            |                            |                            |
| Other assumptions/information (List all)                           |                              |                            |                            |                            |                            |                            |
|  |                              |                            |                            |                            |                            |                            |
|  |                              |                            |                            |                            |                            |                            |
|  |                              |                            |                            |                            |                            |                            |
|  |                              |                            |                            |                            |                            |                            |
|  |                              |                            |                            |                            |                            |                            |
|  |                              |                            |                            |                            |                            |                            |

# Appendix B: Projected Information

| <b>HISTORICAL BALANCE SHEETS<br/>(ENTER DATE OF YEAR END )</b> | <b>CURRENT(A)<br/>( - - )</b> | <b>A-1 YEAR<br/>( - - )</b> | <b>A-2 YEAR<br/>( - - )</b> | <b>A-3 YEAR<br/>( - - )</b> | <b>A-4 YEAR<br/>( - - )</b> | <b>A-5 YEAR<br/>( - - )</b> |
|--|-------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| <b>CURRENT ASSETS</b>  |                               |                             |                             |                             |                             |                             |
| Cash   |                               |                             |                             |                             |                             |                             |
| Accounts Receivable  |                               |                             |                             |                             |                             |                             |
| Inventories  |                               |                             |                             |                             |                             |                             |
| Income Tax Receivable  |                               |                             |                             |                             |                             |                             |
| Other  |                               |                             |                             |                             |                             |                             |
| <b>A. Total Current Assets</b>                                 |                               |                             |                             |                             |                             |                             |
| <b>FIXED ASSETS</b>  |                               |                             |                             |                             |                             |                             |
| Land   |                               |                             |                             |                             |                             |                             |
| Collection/Distribution System                                 |                               |                             |                             |                             |                             |                             |
| Buildings  |                               |                             |                             |                             |                             |                             |
| Equipment  |                               |                             |                             |                             |                             |                             |
| Other  |                               |                             |                             |                             |                             |                             |
| Less: Accum. Depreciation or Reserves                          |                               |                             |                             |                             |                             |                             |
| <b>B. Total Fixed Assets</b>                                   |                               |                             |                             |                             |                             |                             |
| <b>C. TOTAL Assets (A + B)</b>                                 |                               |                             |                             |                             |                             |                             |
| <b>CURRENT LIABILITIES</b>                                     |                               |                             |                             |                             |                             |                             |
| Accounts Payable   |                               |                             |                             |                             |                             |                             |
| Notes Payable, Current   |                               |                             |                             |                             |                             |                             |
| Accrued Expenses   |                               |                             |                             |                             |                             |                             |
| Other  |                               |                             |                             |                             |                             |                             |
| <b>D. Total Current Liabilities</b>                            |                               |                             |                             |                             |                             |                             |
| <b>LONG TERM LIABILITIES</b>                                   |                               |                             |                             |                             |                             |                             |
| Notes Payable, Long-term                                       |                               |                             |                             |                             |                             |                             |
| Other  |                               |                             |                             |                             |                             |                             |
| <b>E. Total Long Term Liabilities</b>                          |                               |                             |                             |                             |                             |                             |
| <b>F. TOTAL LIABILITIES (D + E)</b>                            |                               |                             |                             |                             |                             |                             |
| <b>OWNER'S EQUITY</b>  |                               |                             |                             |                             |                             |                             |
| Paid in Capital  |                               |                             |                             |                             |                             |                             |
| Retained Equity  |                               |                             |                             |                             |                             |                             |
| Other  |                               |                             |                             |                             |                             |                             |
| Current Period Profit or Loss                                  |                               |                             |                             |                             |                             |                             |
| <b>G. TOTAL OWNER'S EQUITY</b>                                 |                               |                             |                             |                             |                             |                             |
| <b>TOTAL LIABILITIES+EQUITY<br/>(F + G) = C</b>                |                               |                             |                             |                             |                             |                             |
| <b>WORKING CAPITAL (A - D)</b>                                 |                               |                             |                             |                             |                             |                             |
| <b>CURRENT RATIO (A / D)</b>                                   |                               |                             |                             |                             |                             |                             |
| <b>DEBT TO EQUITY RATIO (D / E)</b>                            |                               |                             |                             |                             |                             |                             |



| PROJECTED NET INCOME INFORMATION           |                       |                     |                     |                     |                     |                     |
|--|-----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| (ENTER DATE OF YEAR END)                   | CURRENT(A)<br>( - - ) | A-1 YEAR<br>( - - ) | A-2 YEAR<br>( - - ) | A-3 YEAR<br>( - - ) | A-4 YEAR<br>( - - ) | A-5 YEAR<br>( - - ) |
| <b>METER NUMBER</b>                        |                       |                     |                     |                     |                     |                     |
| Existing Number of Taps                    |                       |                     |                     |                     |                     |                     |
| New Taps Per Year                          |                       |                     |                     |                     |                     |                     |
| <b>Total Meters at Year End</b>            |                       |                     |                     |                     |                     |                     |
| <b>METER REVENUE</b>                       |                       |                     |                     |                     |                     |                     |
| Revenue per Meter (use for projections)    |                       |                     |                     |                     |                     |                     |
| Expense per Meter (use for projections)    |                       |                     |                     |                     |                     |                     |
| <b>Operating Revenue Per Meter</b>         |                       |                     |                     |                     |                     |                     |
| <b>GROSS WATER REVENUE</b>                 |                       |                     |                     |                     |                     |                     |
| Revenues- Base Rate & Gallonage Fees       |                       |                     |                     |                     |                     |                     |
| Other (Tap, reconnect, transfer fees, etc) |                       |                     |                     |                     |                     |                     |
| <b>Gross Income</b>                        |                       |                     |                     |                     |                     |                     |
| <b>EXPENSES</b>                            |                       |                     |                     |                     |                     |                     |
| General & Administrative (see schedule)    |                       |                     |                     |                     |                     |                     |
| Operating (see schedule)                   |                       |                     |                     |                     |                     |                     |
| Interest                                   |                       |                     |                     |                     |                     |                     |
| Other (list)                               |                       |                     |                     |                     |                     |                     |
| <b>NET INCOME</b>                          |                       |                     |                     |                     |                     |                     |

| PROJECTED EXPENSE DETAIL               | YEAR 1 | YEAR 2 | YEAR 3 | YEAR 4 | YEAR 5 | TOTALS |
|--|--------|--------|--------|--------|--------|--------|
| <b>GENERAL/ADMINISTRATIVE EXPENSES</b> |        |        |        |        |        |        |
| Salaries                               |        |        |        |        |        |        |
| Office Expense                         |        |        |        |        |        |        |
| Computer Expense                       |        |        |        |        |        |        |
| Auto Expense                           |        |        |        |        |        |        |
| Insurance Expense                      |        |        |        |        |        |        |
| Telephone Expense                      |        |        |        |        |        |        |
| Utilities Expense                      |        |        |        |        |        |        |
| Depreciation Expense                   |        |        |        |        |        |        |
| Property Taxes                         |        |        |        |        |        |        |
| Professional Fees                      |        |        |        |        |        |        |
| Interest Expense                       |        |        |        |        |        |        |
| Other                                  |        |        |        |        |        |        |
| <b>Total</b>                           |        |        |        |        |        |        |
| <b>% Increase Per projected Year</b>   |        |        |        |        |        |        |
| <b>OPERATIONAL EXPENSES</b>            |        |        |        |        |        |        |
| Salaries                               |        |        |        |        |        |        |
| Auto Expense                           |        |        |        |        |        |        |
| Utilities Expense                      |        |        |        |        |        |        |
| Depreciation Expense                   |        |        |        |        |        |        |
| Repair & Maintenance                   |        |        |        |        |        |        |
| Supplies                               |        |        |        |        |        |        |
| Interest Expense                       |        |        |        |        |        |        |
| Other                                  |        |        |        |        |        |        |
| <b>Total</b>                           |        |        |        |        |        |        |

| <b>PROJECTED SOURCES AND USES OF CASH STATEMENTS</b> | YEAR 1 | YEAR 2 | YEAR 3 | YEAR 4 | YEAR 5 | TOTALS |
|--|--------|--------|--------|--------|--------|--------|
| <b>SOURCES OF CASH</b>                               |        |        |        |        |        |        |
| Net Income   |        |        |        |        |        |        |
| Depreciation (If funded by revenues of system)       |        |        |        |        |        |        |
| Loan Proceeds  |        |        |        |        |        |        |
| Other  |        |        |        |        |        |        |
| <b>Total Sources</b>                                 |        |        |        |        |        |        |
| <b>USES OF CASH</b>                                  |        |        |        |        |        |        |
| Net Loss   |        |        |        |        |        |        |
| Principle Portion of Pmts.                           |        |        |        |        |        |        |
| Fixed Asset Purchase                                 |        |        |        |        |        |        |
| Reserve  |        |        |        |        |        |        |
| Other  |        |        |        |        |        |        |
| <b>Total Uses</b>                                    |        |        |        |        |        |        |
| <b>NET CASH FLOW</b>                                 |        |        |        |        |        |        |
| <b>DEBT SERVICE COVERAGE</b>                         |        |        |        |        |        |        |
| Cash Available for Debt Service (CADS)               |        |        |        |        |        |        |
| Net Income (Loss(                                    |        |        |        |        |        |        |
| Depreciation, or Reserve Interest                    |        |        |        |        |        |        |
| <b>Total CADS</b>                                    |        |        |        |        |        |        |
| <b>DEBT SERVICE (DS)</b>                             |        |        |        |        |        |        |
| Principle Plus Interest                              |        |        |        |        |        |        |
| <b>DEBT SERVICE COVERAGE RATIO</b>                   |        |        |        |        |        |        |
| CADS Divided by DS                                   |        |        |        |        |        |        |